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Subcommittee Holds Hearing to Examine the Federal Employees Health Benefits Program's Prescription Drug Benefit

Lack of transparency in prescription drug benefit component of the FEHBP raises concerns

WASHINGTON, D.C. – On Wednesday, June 24, 2009 at 2:00 p.m. in room 2154 of the Rayburn House Office Building, the Subcommittee on Federal Workforce, Postal Service and the District of Columbia will hold a hearing entitled, "FEHBP's Prescription Drug Benefits: Deal or No Deal?"

The purpose of the hearing is to examine the Federal Employees Health Benefits Program's (FEHBP) drug benefit and the impact that the lack of pricing transparency has on the Office of Personnel Management's (OPM) ability to evaluate the overall value of these benefits. The hearing will also discuss alternative pricing and contracting methods for the FEHBP's prescription drug benefit.

"While the federal government spends over \$10 billion per year on prescription drug benefits through the FEHBP, the lack of transparency in the program's drug pricing and contractual arrangements hinders our ability to determine whether our federal employees are receiving the best value for their prescriptions," said Chairman Stephen F. Lynch. "It would appear that massive savings could be realized by moving to a more transparent and competitive system. Increased oversight of the FEHBP's prescription drug benefit program has the potential to root out waste, fraud, and abuse in this area while generating substantial cost savings for the American taxpayer."

The FEHBP is the largest employer sponsored health plan in the country, covering

approximately 8 million lives and costing \$35 billion per year. Of that amount, over \$10 billion is spent for prescription drug costs. OPM contracts with private sector firms to provide health insurance through FEHBP and these individual insurance plans contract with Pharmacy Benefit Managers (PBMs) to provide the prescription drug benefits.

The available research shows that prices for prescription drugs are much lower under all of the other federal programs which have the authority to negotiate or prescribe drug prices. Therefore, a thorough and in-depth analysis of the pharmacy benefits provided through the FEHBP should be performed.

Witnesses' testimonies, the Chairman's opening statement and a 2:00 p.m. live broadcast of the hearing can be found on the Subcommittee's website, [federalworkforce.oversight.house.gov](https://federalworkforce.oversight.house.gov)

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The Subcommittee on Federal Workforce, Postal Service, and the District of Columbia's jurisdiction includes federal employee issues, non-appropriation municipal affairs of the District of Columbia, and the Postal Service, including post office namings, holidays, and commemoratives.

### Documents and Links

- [Testimony of Change to Win-for the record](#)
- [Testimony of Ralph de la Torre](#)
- [Testimony of John Dicken](#)
- [Testimony of Susan Hayes](#)
- [Testimony of Nancy Kichak](#)
- [Testimony of Mark Merritt](#)
- [Testimony of Patrick McFarland](#)
- [Testimony of Rear Admiral McGinnis](#)
- [Testimony of the National Community Pharmacists Association-for the record](#)
- [Testimony of Jack Needleman](#)
- [Testimony of James Sheehan](#)